

AMENDED IN SENATE AUGUST 11, 1997

AMENDED IN ASSEMBLY MAY 20, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

## ASSEMBLY BILL

No. 1592

Introduced by ~~Committee on Budget (Ducheny (Chair), Miller (Vice Chair), Bowen, Brown, Cardenas, Cardoza, Davis, Escutia, Figueroa, Gallegos, Keeley, Knox, Lempert, Scott, Strom-Martin, Torlakson, Villaraigosa, and Wright)~~  
*Assembly Member Leonard*

March 18, 1997

An act ~~relating to taxation~~ to amend Section 17053.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1592, as amended, ~~Committee on Budget Leonard. Taxation: Personal income taxes: renter's credit:~~ budget implementation.

~~Existing law provides for various forms of taxation.~~

~~This bill would state the intent of the Legislature to make the necessary statutory changes to implement the Budget Act of 1997 relative to taxation.~~

*The Personal Income Tax Law authorizes various credits against the taxes imposed by that law, including a refundable credit for qualified renters. A "qualified renter," generally, is an individual who was a resident of this state and who rented and occupied premises in this state as a principal residence*

during at least 50% of the taxable year. This credit is suspended, under existing law, until January 1, 1997.

This bill would suspend the renter's credit until January 1, 1998.

This bill would take effect immediately as a tax levy.

Vote: ~~majority~~—<sup>2</sup>/<sub>3</sub>. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

~~1 SECTION 1. It is the intent of the Legislature in  
2 enacting this act to make the necessary statutory changes  
3 to implement the Budget Act of 1997 relative to taxation.~~

4 SECTION 1. Section 17053.5 of the Revenue and  
5 Taxation Code is amended to read:

6 17053.5. (a) In the case of qualified renters, there  
7 shall be allowed credits against their "net tax" (as defined  
8 in Section 17039). The credit shall be in the amount of one  
9 hundred twenty dollars (\$120) for married couples filing  
10 joint returns, heads of household and surviving spouses  
11 (as defined in Section 17046), and sixty dollars (\$60) for  
12 other individuals.

13 Except as provided in subdivision (b), a husband and  
14 wife shall receive but one credit under this section. If the  
15 husband and wife file separate returns, the credit may be  
16 taken by either or equally divided between them, except  
17 as follows:

18 (1) If one spouse was a resident for the entire taxable  
19 year and the other spouse was a nonresident for part or  
20 all of the taxable year, the resident spouse shall be allowed  
21 one-half the credit allowed to married persons and the  
22 nonresident spouse shall be permitted one-half the credit  
23 allowed to married persons, prorated as provided in  
24 subdivision (e).

25 (2) If both spouses were nonresidents for part of the  
26 taxable year, the credit allowed to married persons shall  
27 be divided equally between them subject to the proration  
28 provided in subdivision (e).

29 (b) In the case of a husband and wife, if each spouse  
30 maintained a separate place of residence and resided in

1 this state during the entire taxable year, each spouse will  
2 be allowed one-half the full credit allowed to married  
3 persons provided in subdivision (a).

4 (c) For purposes of this section, a “qualified renter”  
5 means an individual who:

6 (1) Was a resident of this state, as defined in Section  
7 17014, and

8 (2) Rented and occupied premises in this state which  
9 constituted his or her principal place of residence during  
10 at least 50 percent of the taxable year.

11 (d) The term “qualified renter” does not include any  
12 of the following:

13 (1) An individual who for more than 50 percent of the  
14 taxable year rented and occupied premises which were  
15 exempt from property taxes, except that an individual,  
16 otherwise qualified, shall be deemed a qualified renter if  
17 he or she or his or her landlord pays possessory interest  
18 taxes, or the owner of those premises makes payments in  
19 lieu of property taxes which are substantially equivalent  
20 to property taxes paid on properties of comparable  
21 market value.

22 (2) An individual whose principal place of residence  
23 for more than 50 percent of the taxable year is with any  
24 other person who claimed such individual as a dependent  
25 for income tax purposes.

26 (3) An individual who has been granted or whose  
27 spouse has been granted the homeowners’ property tax  
28 exemption during the taxable year. This paragraph shall  
29 not apply in the case of an individual whose spouse has  
30 been granted the homeowners’ property tax exemption  
31 if each spouse maintained a separate residence for the  
32 entire taxable year.

33 (e) Any otherwise qualified renter who is a  
34 nonresident for any portion of the taxable year shall claim  
35 the credits set forth in subdivision (a) at the rate of  
36 one-twelfth of those credits for each full month that  
37 individual resided within this state during the taxable  
38 year.

39 (f) Every person claiming the credit provided in this  
40 section shall, as part of that claim, and under penalty of

1 perjury, furnish that information as the Franchise Tax  
2 Board prescribes on a form supplied by the board.

3 (g) The credit provided in this section shall be claimed  
4 on returns in the form as the Franchise Tax Board may  
5 from time to time prescribe.

6 (h) For the purposes of this section, the term  
7 “premises” means a house or a dwelling unit used to  
8 provide living accommodations in a building or structure  
9 and the land incidental thereto, but does not include land  
10 only, except in the case where the dwelling unit is a  
11 mobilehome. The credit shall not be allowed for any  
12 taxable year for the rental of land upon which a  
13 mobilehome is located if the mobilehome has been  
14 granted a homeowners’ exemption under Section 218 in  
15 that year.

16 (i) In the case of qualified renters whose credits  
17 provided in this section exceed their tax liability  
18 computed under this part the excess shall be credited  
19 against other amounts due, if any, from the qualified  
20 renter and the balance, if any, shall be refunded to the  
21 qualified renter.

22 (j) This section shall become operative on January 1,  
23 ~~1997~~ 1998, and shall apply to any taxable year beginning  
24 on or after January 1, ~~1997~~ 1998.

25 *SEC. 2. This act provides for a tax levy within the*  
26 *meaning of Article IV of the Constitution and shall go into*  
27 *immediate effect.*